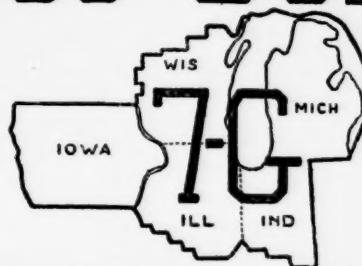


# BUSINESS CONDITIONS

SEVENTH  
FEDERAL



RESERVE  
DISTRICT

Volume 9, No. 12

MONTHLY REVIEW PUBLISHED BY THE  
FEDERAL RESERVE BANK OF CHICAGO

December 1, 1926

## BUSINESS CONDITIONS IN THE UNITED STATES

INDUSTRIAL activity continued in large volume in October, while the general level of prices declined slightly. Notwithstanding the seasonal increase in borrowing for commercial purposes, the volume of bank credit outstanding has declined in recent weeks reflecting the continued liquidation of loans on securities.

**PRODUCTION**—Production in basic industries, as measured by the Federal Reserve Board's index which makes allowance for the usual seasonal variations, showed little change in October as compared with September. Textile mill activity and the daily average output of iron and steel were maintained during October, but in November there was a decrease in steel production. The output of bituminous coal was stimulated by export and bunker demand and attained new high records in October and November, and petroleum production was also large. There was a sharp decline in automobile production, and the output of cars was smaller in October than in any month since January.

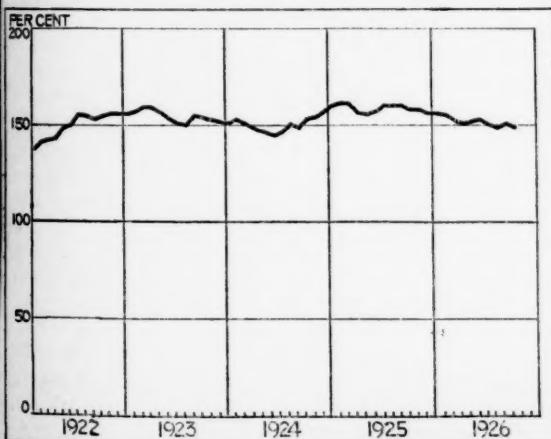
The volume of building activity, as indicated by the value of contracts awarded, has declined for the past three months, as is usual at this season of the year, and has been throughout the period at a slightly lower level than during the exceptionally active autumn season of 1925. Residential contracts during the same period have been

smaller than a year ago, while those for engineering projects and public works have been larger.

**TRADE**—Distribution of commodities at wholesale declined in October, contrary to the usual trend for that month, and was in smaller volume than in October of any year since 1922. Sales of department stores showed the usual seasonal growth in October, but owing partly to less favorable weather conditions and to a smaller number of trading days, were at a somewhat lower level than in the same month of last year. Sales of mail order houses were also smaller than a year ago. Stocks of merchandise carried by wholesale firms were slightly smaller than a year ago, while department store stocks increased more than is usual in September and October, and at the end of October were larger than in 1925. Freight car loadings were in record volume in October and November, because of unusually large shipments of coal and ore and a continued heavy movement of other commodities.

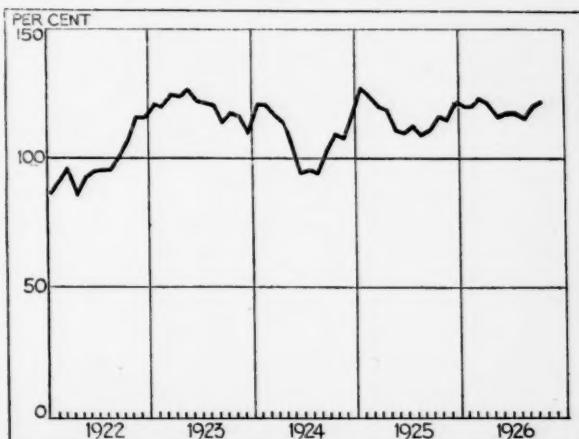
**PRICES**—Wholesale prices of nearly all groups of commodities declined in October and November. Prices of bituminous coal, however, advanced sharply as the result of foreign demand caused by the British coal strike, but recently there has been some decline in coal prices. The price of raw cotton, after falling rapidly in September and early October, has been steady in recent weeks. Prices of

### WHOLESALE PRICES



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by the Bureau). Latest figure, October, 1926: 149.7.

### PRODUCTION IN BASIC INDUSTRIES

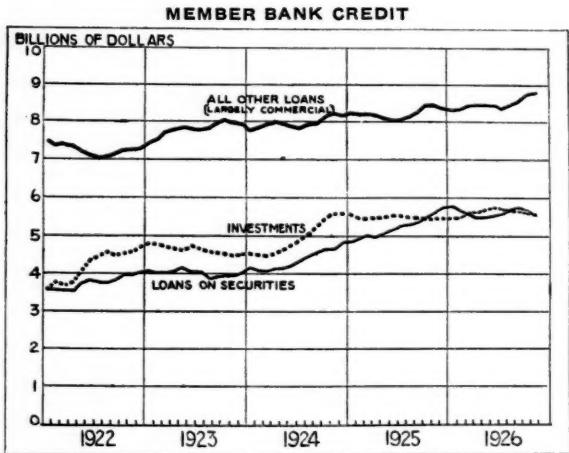


Index of 22 basic commodities, adjusted for seasonal variations (1919=100). Latest figure, October, 1926: 122.

Compiled November 26, 1926

non-agricultural commodities, as classified in the Bureau of Labor Statistics price indexes, declined slightly between September and October, while those of agricultural products declined about 2 per cent to the lowest level since the summer of 1924.

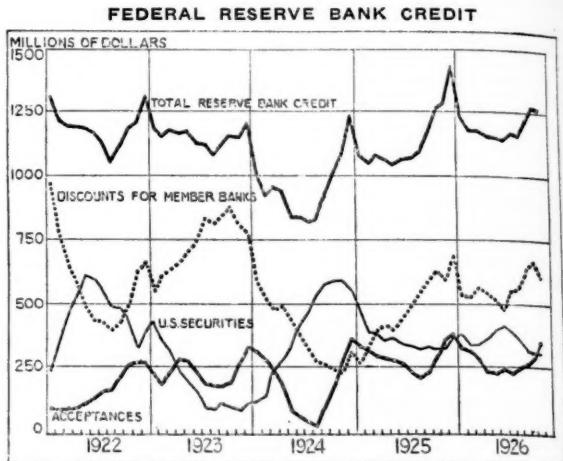
**BANK CREDIT**—Seasonal growth in loans for commercial and agricultural purposes at member banks in leading cities has been accompanied by continued liquidation of loans on securities, with the consequence that the total volume of loans and investments of these banks in the middle of November was considerably smaller than a month earlier.



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures, averages for first three weeks of November, 1926: All Other Loans, 8,800 million; Loans on Securities, 5,523 million; Investments, 5,558 million.

At the reserve banks the decline in the volume of member bank credit has been reflected in a reduction of the total bills and securities to a level of \$37,000,000 below the corresponding date in 1925. Discounts for member banks were in about the same volume as a year ago, while holdings of acceptances and of United States securities were smaller.

Easier conditions prevailed in the money market in November. Rates on prime commercial paper declined from 4½-4¾ per cent in October to 4½ per cent in November, and there was also a reduction of one-eighth per cent in the rates on bankers' acceptances.



Monthly averages of daily figures for twelve Federal Reserve banks. Latest figures, averages for first 22 days in November, 1926: Total Reserve Bank Credit, 1,256 million; Discounts for Member Banks, 603 million; Acceptances, 349 million; U. S. Securities, 302 million.

## BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

THE varied aspect noted in business and industry for several weeks prevails, with general activity still broad and seasonal trends in progress, but with some curtailment apparent. October comparisons in many instances indicate declines from a year ago, the actual significance of which it is difficult to gauge at this time.

Distribution data in particular reflect the differences from 1925, attributable in part, however, to the lower prices this year, the one less business day, and adverse weather conditions. Department store and mail order sales fell below last year, as well as most lines of wholesale trade, automobile sales, and farm machinery shipments, and for the first time this year the volume of check payments showed a decline from 1925.

Features of the money market are the seasonal demand for credit, the steady rates, the pronounced increases in commercial paper sales and in bankers' acceptances, and the advance in savings deposits.

Of interest agriculturally were the slightly higher corn crop estimate on November 1 and the abundant fruit crops. The heavier live stock shipments were seasonal and enlarged the operations at meat packing plants. Dairy products showed recessions in volume of output and in shipments.

An outstanding feature in industry was the more than seasonal expansion in coal demand with prices rising rapidly. Gains in October building permits reflect heavy increases in Chicago. Total building construction, together with curtailment in automobile production, contributed to a slackened demand for certain finished steel products, although specifications in general held up well in this district. Manufacture of shoes and leather increased over September, and for shoes was above a year ago; furniture factories

maintained a satisfactory rate of operations. On the whole, industrial employment showed some reduction, although payrolls advanced.

### CREDIT CONDITIONS AND MONEY RATES

Seasonal demand for money in the Seventh district continues, and rates have held steady. Manufacturers in some sections of the district are requiring considerable accommodation from banks in those areas, as are purchasers of cattle feeders in western portions. Country banks are reported as borrowing in moderate volume from correspondents in the larger cities. In Chicago, business is absorbing a fair amount of bank credit, with no change in rates from a month ago. Current quotations are 4½ to 5 per cent for commercial paper, 5 to 5¾ for customers' over-the-counter loans, and 5 to 5¾ for collateral loans. The average rate earned on loans and discounts by ten of the larger loop banks in Chicago during October was 5.01 per cent, compared with 4.94 per cent in September and 4.91 per cent in October, 1925. In Detroit, six large banks reported this item as 5.36 in October, against 5.32 in September and 5.21 a year ago. The prevailing rate in Detroit during the week ended November 15 on commercial loans was 4½ to 6 per cent compared with the same rate during the corresponding week in October.

Loans to member banks of the Federal Reserve Bank of Chicago have been on substantially higher levels in recent weeks. Total bills and securities on November 3 (\$223,692,000) were in the largest volume since January 4, 1922, when \$225,176,000 was reported, and the \$130,644,000 given on November 3 for loans to member banks marked the highest figure since January 25, 1922. Both items dropped considerably the two following weeks, but on November 17 total bills and securities exceeded the amount given on

October 20 by more than 20 million, and loans to member banks showed approximately a \$15,000,000 gain in the same comparison. Federal Reserve notes in circulation have shown a moderate expanding trend, the \$217,285,000 on November 17 comparing with \$214,274,000 on October 20.

Loans and discounts of reporting member banks in the district have shown a downward tendency since October 20, the result of a decreased volume of loans on stocks and bonds in Chicago and Detroit, rather than any curtailment of commercial loans, which in the former city have remained approximately on the level of a month ago and in Detroit have evidenced a moderate expansion. On November 17 total loans and discounts amounted to \$2,179,472,000 compared with \$2,191,176,000 October 20, the latter figure being the highest since September 15. Investments have increased somewhat in volume since October 27, but on November 17 amounted to \$761,837,000 as against \$763,131,000 October 20. Net demand deposits in Chicago and Detroit have declined steadily since the middle of October, while in other selected cities, the trend, though downward, has been subject to greater fluctuation from week to week. Time deposits have changed little in volume in recent weeks. Net demand deposits on November 17 were \$1,789,671,000 compared with \$1,801,516,000 October 20, and time deposits on former date totaled \$1,061,272,000 and \$1,056,879,000 October 20.

Sales of commercial paper during October by eleven reporting dealers in this district exceeded the September aggregate by 13.5 per cent, but were 16.1 per cent below October, 1925. The majority of firms indicated a fair supply of bills during the month, with reports on demand varying from very light to good. Rates tended to strengthen in that the September low of  $4\frac{1}{4}$  per cent advanced to  $4\frac{1}{2}$ , although most dealers continued to ask  $4\frac{3}{4}$  for high. Since November 1 some easing off has been apparent, a large amount of paper going at  $4\frac{1}{4}$ , the very best at  $4\frac{1}{2}$ , and less well known names at  $4\frac{3}{4}$ . The volume of bills outstanding on October 31 for five firms was 3.0 per cent less than at the end of September, and 19.2 per cent below a year ago. Outstandings reported by twenty-six dealers located throughout the country amounted to \$591,747,000 at the close of October.

Six dealers operating in the Chicago open bill market showed a gain of 14.9 per cent in average weekly purchases during the period from October 21 to November 17 as compared with the preceding five weeks; individually four firms registered increases and two declines. Sales fell off 4.8 per cent in the same comparison, those to out-of-town banks the only class averaging a net increase. The transactions involved principally grain, cotton, skins, sugar, raisins, canned goods, meats, petroleum, and naphtha. Holdings at the close of the period were 17.0 per cent lower than the volume of bills held October 20. Rates dropped one-eighth of one per cent during the period, ninety-day paper ruling at  $3\frac{3}{4}$  on November 17.

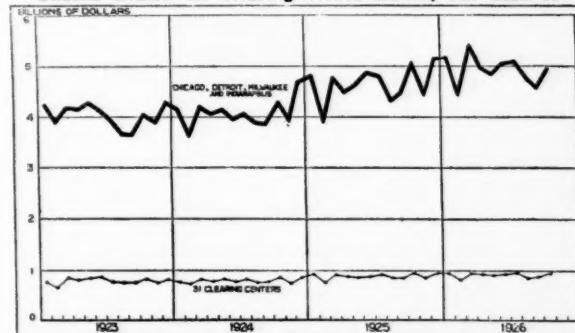
The volume of bills accepted during October by sixteen reporting banks in this district was the heaviest since May, 1925, being over twice the September total, and 87.7 per cent in excess of a year ago. Acceptances reported since November 1 have covered principally cotton holdings, grain, coffee, tea, pig iron, lumber, raisins, and feathers. October purchases increased 4.9 per cent over the preceding month, and sales 32.5 per cent. The banks' liability as acceptors for acceptances outstanding advanced 16.4 per cent between September 30 and October 31 to the highest peak in five months, and 15.0 per cent ahead of October 31, 1925. The total volume of bills held at the

end of October was the largest since July 31, while holdings by the banks of their own bills were the heaviest in eleven months. Bills bought during October by the Federal Reserve Bank of Chicago amounted to \$33,427,324, and holdings at the end of the month \$46,219,881.

**Agricultural Financing**—Aggregate loans outstanding in the five states including the Seventh district of nineteen Joint Stock Land banks on October 31 were \$213,436,018, or about \$400,000 in excess of the September 30 figure, and compared with \$187,005,393 at the close of October, 1925. The corresponding figure for four Federal Land banks on October 31 (\$178,613,595) represented an increase of approximately \$1,800,000 over the preceding month and of about \$17,600,000 over a year ago. Four Federal Intermediate Credit banks showed loans and discounts (including rediscounts) of \$969,932 on October 31, compared with \$1,290,968 September 30, and \$1,579,504 on October 31, 1925.

**Volume of Payment by Check**—Aggregate volume of payment by check as reported by thirty-seven clearing house cities in the Seventh district was \$5,951,124,000 for the month of October, which total was 8.6 per cent above September but fell short of the October, 1925, aggregate by 1.7 per cent. The four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, gained 8.8 per cent in volume over September, but decreased 1.9 per cent from a year ago. Thirty-three smaller centers reporting debits to individual accounts, gained 7.7 per cent in the monthly comparison and dropped 0.5 per cent from October, 1925.

VOLUME OF PAYMENT BY CHECK  
Checks Drawn on Clearing House Banks, 7th District



Figures used are estimates for calendar month, based on weekly reports to this bank. Latest figures, October, 1926, in thousands of dollars: Chicago, Detroit, Milwaukee, and Indianapolis, 4,959,317; 31 other Clearing House Centers, 958,191.

**Savings**—For the 219 reporting banks in this district, both the number of savings accounts and their aggregate deposits advanced 0.5 per cent between October 1 and November 1; all five states contributed to the gain in number and all except Indiana in amount. The increase of 3.3 per cent over November 1, 1925, in number of accounts represents gains in each state, while the advance in deposits of 1.5 per cent reflects increases in Indiana, Michigan, and Wisconsin, a continued decline in Illinois, and the first this year in Iowa. Individually, three-fifths of the banks registered heavier deposits than on October 1, and nearly as many heavier than a year ago.

**Bonds**—Current reports from bond dealers in this district vary, some indicating business during the past thirty days as active and others as rather quiet. New issues have been well received, moving out of dealers' hands rapidly and leaving inventories low. Public utilities continue scarce and popular. Municipal bonds have been inactive. Demand for first mortgage real estate bonds, on the other hand, continues strong. Foreign securities retain a prominent position, attractive rates contributing to their demand.

## AGRICULTURAL PRODUCTION AND FOODSTUFFS

As compared with early October, official estimates of the corn crop were increased slightly on November 1. A large percentage of the crop had been cut by that date, but much of it contained a high percentage of moisture; most of the husking and cribbing was delayed until the middle of November to allow the sun, wind, and frost to dry out the cobs. Some deterioration in the quality from mould is reported in corn cribbed during the rainy period in October and in corn blown down in the early fall storms. Farmers in the Seventh district have not increased winter wheat acreage this autumn to the extent originally intended, because surface moisture in the fields hampered preparation of the ground until the season was too far advanced. Most of the early sown wheat and rye, however, has come up showing a good stand and healthy color but needs further time to develop root growth to withstand the winter. Pastures are in excellent condition for this time of year. Potato digging is well under way, and the crop is of good quality except in a few localities where wet and dry rot are reported. Many silos are only partially filled this autumn. Fruits turned out well; the crop of grapes in Michigan, Illinois, Iowa, and Indiana is estimated at 84,180 tons compared with last year's harvest of 30,745 tons, while Michigan, Illinois, and Indiana raised 1,991,000 bushels of pears in 1926, or an increase of 822,000 bushels over last autumn. The Indiana and Michigan crop of peppermint oil is estimated at 683,000 pounds this year compared with 329,000 pounds in 1925. Wet weather interfered with the fall plowing during October; all classes of field work made better progress during the first part of November.

### CROP PRODUCTION

Estimated by the Bureau of Agricultural Economics as of November 1.

(In thousands of bushels)

SEVENTH DISTRICT	UNITED STATES			5-Yr. Av.
	PRELIMINARY	FINAL	5-Yr. Av.	
Corn	919,545	1,096,977	2,693,963	2,905,053
Oats	502,494	593,459	1,282,414	1,511,888
Winter Wheat	65,280	53,673	626,482	395,558
Spring Wheat	3,186	2,287	213,336	270,879
Potatoes (white)	60,976	50,852	360,727	325,902
Tobacco*	37,943	46,114	1,304,494	1,374,400
Apples, total crop...	28,230†	23,006†	246,262	171,706
Clover Seed	519†	577†	864	1,029
				1,244

\*In thousands of pounds. †Five states including Seventh district.

**Grain Marketing**—Corn receipts at interior primary markets in the United States increased in October compared with the previous month, a year ago, and the 1921-25 October average; those of oats declined. October arrivals of wheat were in excess of the corresponding month last year, but showed a recession in the other two comparisons. Grain reshipments were larger than in September, but declined from the five-year average for October. Visible supplies of grain in the United States showed increases on November 13 for corn, oats, and rye, and slight recessions for wheat and barley from a month ago. Stocks of wheat, corn, and rye were considerably heavier than for the corresponding week of 1925, while those of oats and barley were much lighter. October quotations at Chicago averaged higher for wheat, oats, and rye, and lower for corn than those in September. Prices eased during the early part of November. Contracts entered during October by members of the Chicago Board of Trade called for a smaller tonnage of future delivery grain than those of September or a year ago.

**Flour**—Receipts of 1,247,000 barrels of flour during October at Chicago and shipments of 803,000 barrels represented increases of 11.0 and 13.7 per cent, respectively, over the

preceding month, and in the comparison with October, 1925, a gain of 3.1 per cent in receipts but a decline of 4.6 per cent in shipments. Production at flour mills in the Seventh district showed only a slight increase over September and was smaller than a year ago; sales were considerably less in both comparisons.

### CHANGES IN OCTOBER, 1926, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM SEPTEMBER 1926	OCTOBER 1926	COMPANIES INCLUDED	
			SEPTEMBER 1926	OCTOBER 1925
Production (bbls.)	+ 1.5	- 5.8	34	34
Stocks of flour at end of month (bbls.)	- 6.6	+ 0.6	31	31
Stocks of wheat at end of month (bu.)	+ 0.2	+ 46.6	31	31
Sales (volume)	- 31.6	- 14.1	15	15
Sales (value)	- 28.2	- 21.9	15	15

Production includes wheat and other flours. Balance of items refer to wheat flour only.

**Movement of Live Stock**—Cattle receipts at public stock yards in the United States showed the usual gain for October over September, with liquidation of grassers from the ranges and pastures remaining at seasonally high levels and more movement of weighty steers from feed lots than customary for early autumn. Lambs continued to arrive in large volume, although total receipts fell slightly below the September peak. There was some recession in the marketings from inter-mountain and north plains states and a slight gain in the number of corn feds from the native territory. Hog receipts showed the usual expansion over September but aggregated a little under those for October, 1925.

### LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, October, 1926	308,723	602,118	326,192	110,657
Public Stock Yards in U. S. October, 1926	932,928	1,933,249	999,377	423,386
September, 1926	911,978	1,673,354	1,146,961	378,472
October, 1925	954,075	2,080,836	945,308	465,625

October reshipments of cattle and lambs to feed lots were in excess of those in the preceding month, but totaled less than in October last year.

### AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

WEEK ENDED NOV. 13	OCTOBER	MONTHS OF	
		SEPTEMBER	OCTOBER
Native Beef Steers (average)	\$ 9.90	\$10.20	\$10.50
Fat Cows and Heifers	6.35	6.10	6.60
Hogs (bulk of sales)	12.00	12.65	12.05
Yearling Sheep	10.00	10.20	10.30
Lambs (average)	13.00	13.55	13.75

**Meat Packing**—Slaughtering establishments in the United States produced a larger tonnage of meat during October than in the preceding month; payrolls for the last week of the period increased 0.2 per cent in number of employees, 3.7 per cent in hours worked, and 4.2 per cent in total value over September. Domestic consumption channels absorbed a liberal amount of packing-house products during October; demand was particularly brisk for fresh and frozen pork, remained active for lard and cured meats, and continued fairly good for smoked goods. The beef and lamb trade showed a little dragginess during the greater part of the month because the current slaughter of cattle and lambs slightly exceeded the consumption. The total value of sales billed to domestic and foreign customers by fifty-eight packing concerns in the United States declined 0.4 per cent from September and 1.0 per cent from a year ago. Chicago quotations declined in October for pork products, veal, and lamb, and remained steady for beef and mutton as compared with September. Prices tended to ease during the early part of November. Packing plants

and cold-storage warehouses in the United States reported larger inventories of beef and mutton and smaller stocks of other edible products on November 1 than a month previous; figures for each of the commodities, with the exception of dry salt pork, were in excess of the corresponding date last year. Holdings of fresh pork, dry salt pork, and lard showed an increase over the 1921-25 average for November, while other stocks declined.

As a result of foreign demand remaining practically unchanged in October from the previous month, American packers forwarded a smaller tonnage of meat and lard for export than in September. Consignment inventories in Europe continued at a minimum and showed some reduction from October 1. Prices obtained abroad were slightly under a parity with quotations at Chicago.

**Dairy Products**—Total production of butter by sixty-five creameries in the Seventh district showed a recession in October of 13.8 per cent in quantity from September, and a gain of 0.6 per cent over October, 1925. Statistics issued by the American Association of Creamery Butter Manufacturers indicate recessions in both comparisons for the country as a whole. The October tonnage billed to custom-

ers by sixty-seven creameries in the district aggregated 10.0 per cent under that for the preceding month, but exceeded figures for the corresponding period last year by 5.5 per cent. During the four weeks ended October 30, factories in Wisconsin supplied primary markets in that state with a 13.1 per cent smaller quantity of American cheese than during the preceding four weeks, and with 16.0 per cent less tonnage than a year ago; reshipments from the above centers declined 15.9 per cent and 20.5 per cent in the two comparisons. Cheese receipts at Chicago showed only a slight change in October from the previous month; arrivals of butter and eggs, however, were seasonally smaller than in September; totals for each of the items fell below a year ago and were under the 1923-25 October average. November 1 inventories of dairy products at cold-storage warehouses and packing plants in the United States showed the usual lowering from October 1, but exceeded the 1921-25 average for November; butter stocks increased over a year ago, while holdings of eggs and cheese declined. Chicago quotations for dairy products continued to strengthen during October and the early part of November.

## COAL

An unusual export demand, seasonal domestic requirements, and a tendency on the part of industrial buyers to build up stocks resulted in an exceptionally strong and active coal market in this district after the middle of October. Demand took practically all coal that the market offered and prices rose rapidly, reaching higher levels than have prevailed in several years. Production also gained; October output in Illinois totaled 6,456,240 tons, an increase of 22.7 per cent over September, with the average number of working days 18½ for 191 mines compared with 16 days and 175 mines in operation during September.

## INDUSTRIAL EMPLOYMENT CONDITIONS

Readjustments, many of them seasonal in nature, resulted in a slight reduction in employment at industrial plants of the district, firms employing 384,000 workers on October 15, reporting a decrease of 0.9 per cent from the previous month. Curtailments in rubber products, vehicles, and food and related products were extensive, the loss for the latter group amounting to 7.2 per cent, due principally to the close of the busy season for canning and preserving as well as for the manufacture of ice, ice-cream, and confectionery. Metals and metal products made slight advances, while the largest gain was reported by the chemical products group. Increased employment at furniture and

bituminous coal production in the United States totaled 54,592,000 tons for October, an increase of 11.5 per cent over September and the largest tonnage for any October since 1919. Commercial stocks of bituminous coal in the hands of consumers, as estimated by the Department of Commerce, aggregated 44,000,000 tons on October 1, an increase of 5,000,000 tons over July 1, but comparing favorably with similar dates in the previous two years. Distribution from Lake Erie ports to American lake ports was heavier in October than in September but under that of the same month in the three preceding years.

musical instrument factories accounts for the gain under lumber and its products; most of the building materials showed some decline.

Payroll figures as a whole advanced, with only two groups—food and rubber products—registering declines. The increases reflect not only the short week covered by some of the September reports but also a lengthening of the time schedules at many of the reporting plants.

At coal mines and on construction jobs, there was a gain in employment during the month, while retail and wholesale concerns also made some additions to their working forces.

## EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED OCTOBER 15, 1926	WEEK ENDED SEPTEMBER 15, 1926	PER CENT CHANGE	WEEK ENDED OCTOBER 15, 1926	WEEK ENDED SEPTEMBER 15, 1926	PER CENT CHANGE
All groups (10) .....	384,220	387,883	-0.9	\$10,247,953	\$9,925,615	+ 3.2
Metals and metal products (other than vehicles) .....	156,161	155,475	+0.4	3,897,121	3,739,496	+ 4.2
Vehicles .....	39,760	41,120	-3.3	1,257,769	1,208,268	+ 4.1
Textiles and textile products .....	27,169	26,892	+1.0	628,960	613,694	+ 2.5
Food and related products .....	51,480	55,465	-7.2	1,400,288	1,464,445	-4.4
Stone, clay and glass products .....	15,238	14,951	+1.9	465,903	440,528	+ 5.8
Lumber and its products .....	34,145	33,828	+0.9	899,597	843,908	+ 6.6
Chemical products .....	10,564	10,219	+3.4	293,231	268,596	+ 9.2
Leather products .....	17,069	17,038	+0.2	377,521	355,710	+ 6.1
Rubber products .....	3,090	3,206	-3.6	73,637	83,340	-11.6
Paper and printing .....	29,544	29,689	-0.5	953,826	907,630	+ 5.1

## MANUFACTURING ACTIVITIES AND OUTPUT

**Automobile Production and Distribution**—October production of passenger automobiles in the United States aggregated 288,848, according to the Department of Commerce, a decline of 17.7 per cent from September and of 26.7 per cent from a year ago. Truck output totaled 42,890,

compared with 46,428 in the preceding month and 44,323 in October, 1925.

Retail sales of new cars in the Middle West during October continued the decline of the previous four months and for the second successive month were below a year

ago. Wholesale distribution in October also followed the trend of the preceding month, decreases being recorded in both the month-to-month and yearly comparisons. Stocks of new cars on October 31 showed increases in number and value over those at the end of September; used cars on hand were also greater in amount, despite slightly heavier sales than in September; inventories of both new and used cars remain larger than a year ago. Deferred payment sales of thirty-three dealers totaled 42.6 per cent of their total retail sales, compared with 42.4 in September and 46.4 per cent in October, 1925.

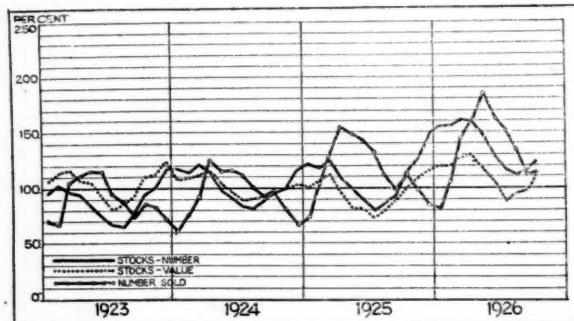
#### MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in October, 1926, from previous months

	PER CENT CHANGE FROM SEPTEMBER 1926	COMPANIES INCLUDED OCTOBER 1925	PER CENT CHANGE FROM SEPTEMBER 1926	COMPANIES INCLUDED OCTOBER 1925
New cars				
Wholesale—				
Number sold	-23.4	-37.7	39	34
Value	-26.1	-37.3	39	34
Retail—				
Number sold	-10.5	-37.8	88	54
Value	-10.6	-35.3	88	54
On hand October 31—				
Number	+ 1.8	+25.3	61	57
Value	+11.6	+39.0	61	57
Used cars				
Number sold	+ 2.1	- 1.5	89	55
Salable on hand—				
Number	+ 4.9	+14.5	60	56
Value	+ 8.3	+31.3	60	56

#### MIDWEST AUTOMOBILE DISTRIBUTION

Sales and Stocks of Used Cars—43 Firms



Monthly average 1923-1924-1925=100. Latest figures, October, 1926: Stocks, Number, 122.8; Stocks, Value, 112.8; Number Sold, 112.9.

**Agricultural Machinery and Equipment**—The October sales of agricultural machinery and equipment billed to domestic and foreign customers by ninety-nine manufacturers in the United States declined 36.6 per cent from September in the tractor, thresher, combined harvester-thresher group; 23.4 per cent for all other (exclusive of pumps and barn supplies); 4.2 per cent for agricultural pumps; and gained 34.9 per cent for barn equipment. In comparison with October, 1925, declines of 8.3, 27.2, and 14.8 per cent were shown for the first three groups, respectively, while sales of barn equipment increased by 6.2 per cent.

#### PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in October, 1926, from previous months

	PER CENT CHANGE FROM SEPTEMBER 1926	COMPANIES INCLUDED OCTOBER 1925	PER CENT CHANGE FROM SEPTEMBER 1926	COMPANIES INCLUDED OCTOBER 1925
Domestic sales billed	-25.0	-20.4	99	99
Sales billed for export	-28.6	-19.3	52	52
Total sales billed	-25.7	-20.2	99	99
Production	- 3.2	- 0.2	95	95

Sales based on value. Production computed from average employment during the month.

**Iron and Steel Products**—A moderate recession in the demand for finished steel has been noted in recent weeks, declines in automotive and structural activity being largely responsible for the contraction. In the Chicago district, however, specifications and orders held up well during October; this was especially true of rails. The tank building program in the southwest is heavy, so that plate mills in the district have been employed in meeting this demand,

although railroad car buying has not yet fully developed. A gain of 90,152 tons in the unfilled orders of the U. S. Steel Corporation was shown on October 31 over September 30, chiefly attributable to the heavy rail orders in October. Steel ingot output in the United States averaged higher than in September and set a record for October, while average daily pig iron production likewise increased over the preceding month and was the third highest October.

Since the end of September there has been a steady rise in the composite average price of fourteen leading iron and steel products, as compiled by *Iron Trade Review*, the figure on November 17 standing at \$38.47, compared with \$38.13 on October 13 and \$38.84 on November 18 last year. The tight fuel situation was reflected in an advancing pig iron market, although quotations remained unchanged in the Chicago district. Chicago prices of scrap metal continued their downward trend, but showed signs of greater firmness after the tenth of November.

Twenty-seven iron and steel casting foundries in the Seventh district reported aggregate shipments in October as smaller than in either September or the corresponding month of 1925; production was slightly less in both the month-to-month and yearly comparison. October shipments by stove and furnace manufacturers exceeded those in the preceding month and October, 1925; a larger volume of orders also was booked than in September or in the same month of last year.

**Shoe Manufacturing, Tanning, and Hides**—Operations during October at shoe factories in the Seventh district were seasonally greater than in September and continued above a year ago. Shipments exceeded production by 5.1 per cent. Twenty-seven companies had stocks on hand on November 1 which in the aggregate were equivalent to 43.3 per cent of the volume of their October shipments. Unfilled orders on the books of twenty-three manufacturers gave assurance of approximately five weeks' future activity at the current distribution rate.

#### CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN OCTOBER, 1926, COMPARED WITH PREVIOUS MONTHS

	PER CENT CHANGE FROM SEPTEMBER 1926	COMPANIES INCLUDED OCTOBER 1925	PER CENT CHANGE FROM SEPTEMBER 1926	COMPANIES INCLUDED OCTOBER 1925
Production	+ 3.6	+ 6.1	30	30
Shipments	- 1.7	+ 3.6	30	30
Inventories	-17.0	-27.2	27	27
Unfilled orders	+ 3.1	- 6.8	22	22

Production of leather expanded in October over the preceding month, according to reports from representative tanners in the Seventh district. The aggregate value of sales billed to customers was greater than in September or the corresponding period last year. Tanners' purchases, in general, receded a little from a month previous. Prices ranged from steady to slightly easier.

Sales of calf skins at Chicago declined during October, but those of packer green hides were nearly as great as in September. Receipts and shipments of hides and skins at the above city, however, were in excess of the preceding month, according to statistics issued by the local Board of Trade. Prices strengthened slightly in October and then declined during the early part of November.

**Furniture**—Data furnished for October by twenty furniture manufacturers in the Seventh district indicate the maintenance of a satisfactory rate of activity. Orders booked during the month, however, totaled 7.1 per cent less in amount than for September, and 2.3 per cent below a year ago. As compared with the volume of October, 1924, new business gained 1.3 per cent. Shipments were 11.8 per cent heavier in October than in the preceding month, and increased 3.0 per cent over October a year ago and 25.6 per cent over October, 1924. Owing to the fact that Oc-

tober shipments were much larger than new business booked, unfilled orders on hand at the end of the month declined 21.1 per cent from those on September 30, and were 18.4 per cent less than at the close of October, 1925. At the October rate of shipments, little more than three weeks' business remains on the books of reporting firms. Operations of sixteen firms for October averaged 94.6 per cent of capacity, compared with 90.4 per cent in September and 95.4 a year ago.

**Raw Wool and Finished Woolens**—A very satisfactory wool market continued through October; there was a con-

siderable movement of wool, and prices showed further slight advances. The call covered all grades, although the finer types were in greatest favor. The early part of November, prices remained unchanged but trading became quiet. Mills have been buying to cover immediate needs, so that supplies in their hands are considered small for this season. Conditions improved in the finished goods industry during September and October; an active spot demand for goods for the current season depleted stocks of finished material, while increased sales by some firms will maintain production throughout the season.

## BUILDING MATERIALS AND CONSTRUCTION ACTIVITIES

While reports for October from the lumber producing regions reveal a slowing-down in activity accompanied by a buyers' market and unsatisfactory prices, the distributive centers within the Seventh district experienced little change from the previous month. Sales for October, reported by twenty-two manufacturers and wholesalers, were 2.8 per cent above the September amount and within 3.6 per cent of the figure for a year ago. One hundred ninety retail yards also showed an increase in sales, 8.4 per cent in the monthly comparison and 4.1 per cent over the corresponding period in 1925. Both wholesale and retail concerns report further reductions in stocks, the volume being approximately the same as or slightly less than a year ago. Although outstanding accounts increased somewhat during the month, they were lower in proportion to sales, the ratio at wholesale declining from 145 per cent to 141, and at retail from 299 to 282. The corresponding ratios a year ago were 128 and 283 per cent, respectively. Chicago continued to absorb a large volume of lumber, with receipts slightly heavier than a year ago and shipments out of the city considerably smaller.

In the cement industry demand remained active, keeping up with the large volume of building and road work still under way. Stocks show further reduction but remain

greatly above last year's volume. Brick plants report that stocks of brick are accumulating and reaching totals that will assure an ample supply throughout the winter and early spring. In the Chicago territory all plants were in operation, and the demand was larger than during September; other sections of the district, however, report a decrease in shipments and the closing of several plants.

**Building Construction**—Contracts awarded in the Seventh district during October amounted to \$108,944,158—1.6 per cent less than for September but 21.1 per cent larger than October last year. For the first ten months of the year, a gain of 7.4 per cent has been registered over the corresponding period in 1925. The increase has been due to building other than residential, as the latter, constituting 39 per cent of the total, still averages 3.2 per cent less than in 1925. Permits issued during the month were generally below the estimated cost of both the previous month and October, 1925, but the heavy increases in the city of Chicago—90 and 60 per cent, respectively, in the two comparisons—brought the total for the fifty reporting cities to a figure exceeding September by 31.8 per cent and last October by 27.9 per cent. The number of permits in general increased, the gain in each of the comparisons amounting to 5 per cent.

## MERCHANDISING CONDITIONS

**Wholesale Trade**—In general, wholesale trade in this district during October was on a smaller scale than a year ago. Sales and collections were both less, and stocks on hand at the end of the month were below last year. In comparing the two periods, however, allowance should be made for lower prices and for the fifth Sunday in October this year.

**Groceries**—Two-thirds of the reporting grocery firms registered declines in sales from September, and nearly as many from a year ago. For most, inventories were higher, although lower holdings by the minority reduced the gain over September 30 to 2.5 per cent, and resulted in a drop of 2.0 per cent from last year. Collection comparisons both with the preceding month and with a year ago show increases and decreases about evenly divided. Accounts outstanding were higher than on September 30, but below October 31, 1925.

**Hardware**—Aggregate sales by seventeen hardware dealers barely equaled the September total, although individually only six firms reported declines. The majority indicated smaller sales, collections, and receivables on the books than in October, 1925, and reductions in inventories both from September 30 and from a year ago.

**Dry Goods**—With few exceptions sales, stocks, collections, and accounts receivable of reporting dry goods wholesalers were smaller than a year ago, and for the first two items below September as well. All firms registered higher accounts outstanding October 31 than on September 30, although collections were better.

**Drugs**—Sales and accounts outstanding of reporting drug dealers were around 6 per cent below last year; stocks increased 2.5 per cent, and collections 3.0 per cent. All four items show gains over September.

**Shoes**—For nine reporting wholesale shoe dealers, comparisons in sales, stocks, collections, and accounts outstanding show decreases from a year ago; stocks advanced slightly over September 30, and collections increased 22.3 per cent.

**Department Store Trade**—During October, for the second time this year, aggregate sales of reporting department stores in this district fell below the corresponding month of 1925; individually, fifty-five firms registered declines and twenty-nine increases, the group averaging a drop of 2.1 per cent which compares with the cumulative gain of about 8 per cent for the nine preceding months. The October decrease from a year ago is attributed in part to the one less trading day this year, as average daily sales were 1.7 per cent larger. Increases over September were reported by all except four stores, but marked decreases at these reduced the group gain to 6.7 per cent, or considerably below the 1921-25 average September-October expansion.

With few exceptions firms reporting accounts outstanding and collection data showed increases over September in both items; as compared with a year ago, collections for sixty-one firms advanced 6.9 per cent, and accounts were 10.7 per cent higher. Collections amounted to 40.6 per cent of receivables on the books September 30, which as in previous months this year is below the 1925 figure.

As is customary during October inventories were enlarged, sixty-three firms averaging an advance of 6.6 per cent. The gain of 4.6 per cent over October 31, 1925, reflects pronounced increases at a few stores, as three-fifths were inventoried lower at the end of October this year than last. The ratio of October sales to average stocks stood at 34.5 per cent which, with the exception of September, is the highest for any month this year and for the only time is less than the corresponding 1925 ratio (36.5); cumulative sales since January 1 amounted to 311.5 per cent of average stocks, as compared with 300.3 last year. Unfilled orders for new goods were reduced from 11.1 per cent of 1925 purchases at the close of September to 8.8 per cent by October 31.

**Retail Furniture Trade**—Combined sales of furniture, furnishings, and equipment during October by fourteen furniture retailers and twenty-four department stores in this district were 13.2 per cent below the corresponding September volume. As compared with October, 1925, the gain of 2.9 per cent reflects increased installment business by the furniture dealers, as their other sales, as well as department store trade in these items, declined from last year. Total inventories at the end of October for twenty-six firms were 5.5 per cent above September 30, and 9.1 per cent ahead of October 31, 1925. Accounts outstanding as reported by

twelve of the furniture houses advanced 1.8 per cent during the month to 28.6 per cent higher than a year ago; collections for the same group fell off 5.9 per cent from September, but were 12.2 per cent above last year; installment payments for seven firms averaged 4.2 per cent below the previous month, and 17.5 per cent heavier than October, 1925.

**Retail Shoe Trade**—Sales of shoes at retail during October by forty-four reporting dealers in this district totaled 1.4 per cent more than the September volume, all but six firms indicating expansion. The decline of 3.2 per cent from October, 1925, representing individually thirty-two decreases and thirteen gains, reflects the one less trading day this year, as average daily sales were slightly higher. Nineteen firms reporting outstanding accounts showed an advance of 13.4 per cent between September 30 and October 31, although the ratio to sales declined from 78.6 to 77.5 per cent. Collections during October were heavier than in September or a year ago. With nine exceptions, firms made net additions to their stocks during the month, the group of thirty-four aggregating a gain of 6.4 per cent at the end of October over September 30; in comparison with October 31, 1925, over half the firms were inventoried lower this year.

## MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1919 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of Firms	Oct. 1926	Sept. 1926	Oct. 1925	Sept. 1925		No. of Firms	Oct. 1926	Sept. 1926	Oct. 1925	Sept. 1925
<b>Meat Packing—(U. S.)—</b>											
Sales (in dollars) <sup>1</sup>											
Casting Foundries	62	123.0	123.5	123.9	117.7		41	83.4	82.6	82.9	78.7
Shipments (in dollars)	27	67.7	70.1	70.1	67.1		19	112.4	112.2	123.7	109.8
Stoves and Furnaces	14	189.6	148.2	167.1	120.8		13	97.0	109.4	114.8	108.3
Shipments (in dollars)	14	189.6	148.2	167.1	120.8		13	105.5	105.4	115.7	110.5
<b>Agricultural Machinery &amp; Equipment—(U. S.)<sup>1</sup></b>											
Domestic Sales (in dollars)	113	87.3	110.3	100.5	116.3		10	56.8	60.2	60.9	57.8
Exports (in dollars)	72	97.0	147.5	110.3	159.2						
Total Sales (in dollars)	113	85.8	121.0	102.4	124.6						
Production	109	115.2	132.2	115.5	114.7						
<b>Agricultural Pumps—(U. S.)<sup>1</sup></b>											
Shipments (in dollars)	19	94.8	99.0	129.7	125.9						
<b>Furniture<sup>2</sup></b>											
Orders (in dollars)	20	140.5	150.9	143.5	154.7		7	143.9	136.5	159.0	122.3
Shipments (in dollars)	20	183.8	164.2	177.6	169.3		4	210.6	239.5	205.5	204.0
Shoes <sup>3</sup>							4	134.8	132.3	143.9	124.9
Production (in pairs)	34	122.7	119.2	115.0	103.1		5	170.6	132.3	178.0	125.0
Shipments (in pairs)	34	129.4	132.1	124.4	117.6		5	175.9	156.8	177.3	141.8
Electric Energy							39	133.6	101.3	139.3	95.3
Output of Plants (KWH)	8	215.5	205.4	200.7	175.2		64	170.1	162.4	173.1	144.8
Industrial Sales (KWH)	8	256.7	265.4	227.9	220.8						
Flour											
Production (in bbls.)	35	110.7	109.0	126.1	112.4						
<b>Output of Butter by Creameries<sup>1</sup></b>											
Production	77	92.8	101.8	92.0	95.7						
Sales	77	94.6	97.9	94.5	98.8						
<b>Automobiles</b>											
Distribution in Middle West: <sup>1</sup>											
New cars—Wholesale—Number sold	34	80.9	105.7	122.8	169.3						
Value	34	74.3	102.8	105.3	146.3						
New cars—Retail—Number sold	52	70.3	78.4	109.9	87.3						
Value	52	75.5	86.0	111.7	102.3						
New cars—On hand—Number	45	113.8	114.3	100.1	79.5						
Value	45	110.7	98.2	86.3	73.0						
Used cars—Number sold	43	112.9	111.9	110.8	99.1						
Used cars—On hand—Number	43	122.8	114.7	114.5	92.6						
Value	43	112.8	98.8	99.8	88.6						
Production (U. S.): Passenger cars—		213.9	259.8	291.8	195.4						
Trucks		165.9	179.1	171.4	224.4						
<b>Freight Carloadings—(U. S.)</b>											
Grain and Grain Products	137.3	122.3	118.0	127.3							
Live Stock	121.9	108.1	128.3	97.4							
Coal	139.5	118.8	115.2	101.0							
Coke	142.9	127.8	148.2	119.5							
Forest Products	126.6	118.5	123.3	117.1							
Ore	180.4	193.2	131.7	146.2							
Merchandise and Miscellaneous	156.6	143.1	149.6	140.2							
Total	149.6	136.1	137.5	128.3							
Iron and Steel											
Pig Iron Production <sup>4</sup>	146.4	144.7	133.2	127.3							
Illinois and Indiana	128.4	124.8	116.4	108.5							
United States	139.6	134.1	127.9	119.1							
Steel Ingot Production—(U. S.) <sup>4</sup>	61.5	59.9	68.5	62.0							
<b>Wholesale Trade</b>											
Net Sales (in dollars):											
Groceries	41	83.4	82.6	82.9	78.7						
Hardware	19	112.4	112.2	123.7	109.8						
Dry Goods	13	97.0	109.4	114.8	108.3						
Drugs	13	105.5	105.4	115.7	110.5						
Shoes	10	56.8	60.2	60.9	57.8						
<b>Retail Trade—(Dept. Sales)</b>											
Net Sales (in dollars):											
Chicago	7	143.9	136.5	159.0	122.3						
Detroit	4	210.6	239.5	205.5	204.0						
Des Moines	4	134.8	132.3	143.9	124.9						
Indianapolis	5	170.6	132.3	178.0	125.0						
Milwaukee	5	175.9	156.8	177.3	141.8						
Outside	39	133.6	101.3	139.3	95.3						
Seventh District	64	170.1	162.4	173.1	144.8						
<b>Retail Trade—(U. S.)</b>											
Department Stores	359	158	130	165	121						
Mail Order Houses	4	150	120	170	114						
Chain Stores:											
Grocery	27	329	303	318	245						
Drug	9	209	192	179	169						
Shoe	6	158	142	164	129						
Five and Ten Cent	5	257	211	237	191						
Candy	5	227	218	215	202						
Music	4	151	137	141	136						
Cigar	3	162	153	151	142						
<b>Stamp Tax Collections</b> <sup>3</sup>											
Sales or Transfers of Capital Stock							103.7	107.1	309.5	250.9	
Sales of Produce on Exchange—Futures							44.7	49.5	54.5	62.9	
<b>U. S. Primary Markets</b> <sup>8</sup>											
Grain Receipts:											
Oats	74.4	81.5	97.5	149.0							
Corn	191.1	92.0	82.0	86.9							
Wheat	117.5	152.3	109.6	186.4							
Grain Shipments:											
Oats	49.0	42.2	81.6	104.4							
Corn	75.5	47.2	57.9	56.9							
Wheat	78.8	76.3	80.6	89.3							
<b>Building Construction</b>											
Contracts Awarded (in dollars):											
Residential	282.9	248.7	270.6	309.4							
Total	198.2	201.5	163.7	212.7							
Permits:											
Chicago	240.6	198.5	261.7	280.7							
Number	569.4	298.8	355.0	236.7							
Cost	262.0	260.5	242.4	231.6							
Indianapolis	215.0	167.8	229.4	124.7							
Number	155.9	140.2	167.6	173.5							
Cost	133.5	134.1	91.3	84.6							
Des Moines	203.9	207.9	212.9	226.2							
Number	202.9	227.5	195.6	215.4							
Cost	255.0	197.5	206.1	237.6							
Milwaukee	206.7	202.4	168.4	251.9							
Number	237.1	245.1	230.7	235.8							
Cost	207.9	230.8	219.2	212.9							
Others (45)	234.4	222.5	223.5	236.0							
Number	321.4	245.6	251.4	218.3							
Cost											
Fifty Cities											

1. Monthly average 1923-24-25=100; 2. Monthly average 1919-20-21=100; 3. Monthly average of mean of production and shipments in 1923-24-25=100; 4. Average daily production; 5. First Illinois internal revenue district; 6. Monthly average receipts 1919=100.

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